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PUBLIC EMPLOYMENT  
RELATIONS BOARD

BEFORE THE ARBITRATOR

In the Matter of the Arbitration Between

**ADAIR COUNTY, IOWA**

and

**INTERNATIONAL BROTHERHOOD OF  
OF TEAMSTERS, CHAUFFEURS,  
WAREHOUSEMEN & HELPERS OF  
AMERICA, LOCAL NO. 147**

Case No.:

***APPEARANCES:***

**Renee Von Bokern**, Von Bokern Associates, Inc., appearing on behalf of Adair County and its Secondary Roads Department.

**Michael Stanfill**, Business Agent, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America Union appearing on behalf of Local Union No. 147.

***BACKGROUND AND JURISDICTION:***

Adair County, hereinafter referred to as the County or the Employer, and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America Union and its Local No. 147, hereinafter referred to as the Union, are parties to an agreement effective July 1, 2003 to midnight June 30, 2004. In negotiating the agreement to commence July 1, 2004, impasse was reached on three issues. The matter was submitted to fact-finding but the parties were unable to accept the fact finders recommendations. Consequently, the matter has now been submitted to arbitration. Only two issues have been submitted to arbitration, however, since the parties were able to reach agreement on the third issue in dispute.

Pursuant to Section 20.22 of the Iowa Public Employment Relations Act (PERA), the undersigned was selected as arbitrator to issue a decision on the matters remaining in dispute. The

hearing was convened on August 19, 2004. At that time, both parties present were given full opportunity to present oral and written evidence and to make relevant argument.

***ISSUES IN DISPUTE:***

The parties remain at impasse on issues concerning health insurance and wages.

***POSITIONS OF THE PARTIES:***

Although the Fact Finder's recommendations covered three issues, the parties were able to reach agreement on one of them. Consequently, only two issues remain at impasse. With respect to the insurance issue, the Union, stating that Plan 9 with a \$750/\$1,500 deductible and a \$1,500/\$3,000 maximum out-of-pocket went into effect on July 1, 2003, seeks the status quo by asking that the "insurance remain the same as in the current contract". Currently, Article 20 of the collective bargaining agreement reads as follows:

"Effective July 1, 2003, the Alliance Select 750-Plan 9 will be effective. The Employer retains the right to select the insurance carrier and will maintain equal to or better than the benefit coverage levels in effect on July 1, 2003. For coverage under Plan 9, the Employer will pay the single coverage monthly premium for a regular full-time employee. If a regular full-time employee elects to have coverage for his/her dependents, the employee will pay no more than one hundred thirty dollars (\$130.00) toward the dependent coverage monthly premium.

For the contract year July 1, 2003-June 30, 2004, employees may elect to remain on Plan 5 by paying fifty two (sic) dollars (\$52.00) per month of the single premium and two hundred seventy two (sic) dollars (\$272.00) of the family premium.

Employees are responsible for all deductible, co-insurance, and out-of-pocket maximums.

The Employer will pay the single and dependent coverage Dental insurance premiums."

The County, however, proposes to change the insurance provision by selecting a new Plan, Plan 11, in which the deductible will ultimately increase from \$750/\$1,500 to \$1,000/\$2,000 and in which the out-of-pocket maximum would increase from \$1,500/\$3,000 to \$4,000/\$8000. The language it proposes is as follows:

"Effective July 1, 2004, the Alliance Select 1000-Plan 11 will be effective. The Employer retains the right to select the insurance carrier and will maintain equal to or better than the benefit coverage levels in effect on July 1, 2004. For coverage under Plan 11, the Employer will pay the single

coverage monthly premium for a regular full-time employee. If a regular full-time employee elects to have coverage for his/her dependents, the employee will pay no more than one hundred dollars (\$100.00) toward the dependent coverage monthly premium.

Employees are responsible for all deductible, co-insurance, and out-of-pocket maximums. Except from July 1, 2004 through December 31, 2004 employees will be responsible for seven hundred fifty dollars (\$750) single and one thousand five hundred dollars (\$1500) family deductible amounts, and from January 1, 2005 through June 30, 2005, employees will be responsible for one thousand dollars (\$1000) single and two thousand dollars (\$2000) family.

The Employer will pay the single and dependent coverage dental insurance premiums.”

On this issue, the Fact Finder recommended that the Union’s position be implemented. Among his findings in support of that recommendation were that the current plan had only been in effect one year; that a “sound usage record” could not be established after only one year, and that it was unclear as to whether the insurance carrier would allow Plan 10 deductibles if Plan 11 is purchased and that it was also unclear as to whether the Employer intended to continue providing dental insurance.

In support of its position, the County asserts that its proposal is currently in effect for all other employees within the County except for this bargaining unit. It also asserts that the proposed changes will have little effect upon the majority of the bargaining unit employees since they do not meet the current deductible of \$750/\$1,000. And, finally, it states that it was this issue that caused it to reject the Fact Finder’s recommendation since his recommendation would result in the County having two different insurance plans, a situation that is unprecedented and unacceptable.

The Union, however, argues that the insurance provision should not be changed since it currently has a higher deductible than any of the employees performing similar work in similar counties and has a premium co-pay that is within the premium co-pay range paid by these employees.

With respect to wages, the County offers a 2% across-the-board increase for the employees in this unit while the Union seeks a 4% across-the-board increase. The Fact Finder, on the other hand, recommended a 1.5% across-the-board increase in wages. His recommendation was based upon a finding that the comparables lent little guidance as to the reasonableness of the wage rate

proposals and a finding that, internally, both bargaining and non-bargaining unit employees agreed to a 1.5% increase.<sup>1</sup>

In support of its position, the County primarily relies upon the fact that all of its other employees have the same insurance policy it is proposing for this bargaining unit and that, with the exception of the dispatchers who received 2%, they have agreed to a 1.5% across-the-board increase in wages. The Union, however, relying upon a comparison of its wage rates with employees performing similar work in similar counties and a comparison of its wage rates with a secondary set of comparables seeks a 4% across-the-board increase.

### ***DISCUSSION AND CONCLUSIONS:***

The Public Employment Relations Act, under Section 20.22, states criteria to be considered in determining the reasonableness of the parties' offer under binding arbitration. Therein, the law directs arbitrators to consider the following factors relevant: past collective bargaining contracts between the parties including the bargaining that led up to such contracts; comparison of wages, hours and conditions of employment of the involved employees with those of other public employees doing comparable work giving consideration to factors peculiar to the area and the classification involved; the interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of those adjustments on the normal standard of services, and the power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

After reviewing the evidence, the arguments of the parties, considering the criteria set forth in Section 20.22 and assigning weight, where possible, to that criteria, it is concluded that the County's proposal with respect to the insurance issue should be adopted and that the Union's wage proposal should be adopted. This decision is based upon several findings with respect to each issue and is discussed on the following pages.

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<sup>1</sup> The Counties considered comparable by the Fact Finder included Adams, Audubon, Union, Madison and Cass Counties. In arbitration, the Union proposed that the five counties cited by the Fact Finder, along with Guthrie and Dallas Counties, be considered comparable since they are adjacent counties while the County proposed to Dallas from the comparables because of its size and to add Clarke County stating it was more similar in size. For purposes of this decision, the following counties have been considered comparable: Adams, Audubon, Union, Madison, Cass and Guthrie. Dallas County was excluded since it is substantially larger than the other proposed counties and Clarke County was not included since it is not adjacent to Adair County.

**Insurance:**

Concluding that the County's insurance proposal should be adopted was a difficult decision to make since adoption of this plan significantly alters a benefit enjoyed by these employees. A review Plan 11 indicates that, ultimately, the employees' deductible will be increased from \$750/\$1,000 to \$2,000/\$4,000 and in the employees' out-of-pocket maximums will be increased from \$1,500/\$3,000 to \$4,000/\$8000. While the County has argued that these changes have little effect since, currently, the majority of employees have not had medical expenses that exceed the smaller deductibles, both of these changes could have a substantial impact on the financial well-being of an employee who earns less than \$14.00 an hour and who has a significant health problem or has a family member who has a significant health problem. The size of both the deductible and the maximum out-of-pocket expense is certainly reason to reject the County's proposal. It was not rejected, however, based upon the fact that this plan is in effect for all employees within the County, except for this bargaining unit, and that internal comparisons with respect to employee benefits carry considerable weight in determining the reasonableness of a proposal.

**Wages:**

The Fact Finder's recommendation with respect to wages is also rejected as is the County's proposal for a 2% across-the-board wage increase. In concluding that the Union's 4% across the board wage increase should be adopted, several findings were made.

First, a review of the wage rate increases for employees performing similar work among the comparable counties indicates that wage rate increases among these counties were directly affected by the health insurance benefit negotiated. As indicated in the graph below, it is apparent that in two counties the employees opted for low deductibles and a none to minimum premium co-pay in return for no increase in wages. It is also apparent that in two other counties the wage rate increase was directly related to the increase in premium co-pay and an increase in the deductible – in other words, a *quid pro quo*.

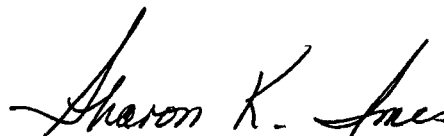
County	Current Wage Rate	Percentage Increase	Increase in Employee Share of Premium	Deductible
Adams	13.45	0%	\$15.00	150/300
Audubon	13.51	2.6%	0	600/1200
Guthrie	12.74	0%	0	250/500
Union	12.84	15.0%	\$57.00 or 121.31	500/1000
Cass	13.95	3.0%	\$39.50	200/500
Adair	13.44		-\$30.00	1000/2000 2000/4000

At first glance, it appears that in this County, the \$30.00 reduction in the employees' share of the premium is meant as a *quid pro quo* since it reflects a \$360.00 annual savings in take-home pay in exchange for increasing the deductibles by \$250 for single coverage and \$1,000 for family coverage. Further, it would be considered as a *quid pro quo* if the health insurance deductible were increasing solely from \$750/\$1,000 to \$1,000/\$2,000. It is not, however, since Plan 11 ultimately calls for a \$2,000/\$4,000 deductible. Given this fact, neither a 1.5% across-the-board wage rate increase nor a 2.0% across-the-board wage rate increase is a reasonable *quid pro quo* for the substantial change that will occur in the health insurance benefit. Further, while something less than a 4% across-the-board wage increase might seem more reasonable, this Arbitrator is limited to a choice of the three proposals. Under these circumstances, the Union's proposal of 4% across-the-board is the most reasonable proposal. In arriving at this conclusion, it is recognized that, internally, employees, both bargaining unit and non-bargaining unit, received only a 1.5% across-the-board wage rate increase. This internal comparison, however, is less persuasive than the external comparisons.

It is also concluded that the Union's proposal is more reasonable than the other two proposals submitted into the record even though the County will experience an 11% agricultural land value decline. While this decline represents approximately \$130,000 in lost income through taxes to the County, it is undisputed that a majority of the second road funds come from road use taxes. Consequently, it is concluded that the land value decline has little relevance to determining the reasonableness of the wage rate proposals in this dispute.

#### **AWARD**

Having given consideration to the statutory criteria set forth in Chapter 20, Section 20.22 of the Code of Iowa; having considered the arguments and evidence advanced by both parties, and having reached the above conclusions, it is determined that the County's proposal on health insurance be adopted and that the Union's proposal for a 4% across-the-board wage rate increase, together with the stipulations of the parties and those terms of the predecessor collective bargaining agreement which remained unchanged throughout the course of bargaining shall be incorporated into the 2004-2005 collective bargaining agreement.



Sharon K. Imes, Arbitrator

August 30, 2004

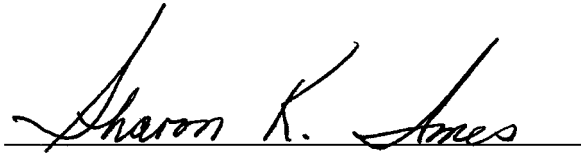
## CERTIFICATE OF SERVICE

I certify that on the 31<sup>st</sup> day of August, 2004, I served the foregoing Arbitration decision upon each of the parties to this matter by mailing a copy to them at their respective addresses below:

Ms. Renee Von Bokern  
Von Bokern & Associates  
2771 104<sup>th</sup> Street, Suite H  
Des Moines, Iowa 50322

Mr. Mike Stanfill  
Business Agent  
Teamster Local 147  
2425 Delaware Avenue  
Des Moines, Iowa 50322

I further certify that on the 31<sup>st</sup> day of August, 2004, I will submit this Decision for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12<sup>th</sup> Street, Suite 1B, Des Moines, IA 50319

A handwritten signature in cursive script, reading "Sharon K. Imes", is written over a horizontal line.

Sharon K. Imes, Fact Finder